

Note: Not certain if
this letter is a
draft or final
sent to JMC (superseded by 4A/89 version?)

March 31, 1989

Mr. E. B. King, President
Jumbo Mining Company
6305 Fern Spring Cove
Austin, Texas 78730

Dear Mr. King:

Re: Technical Review of Notice of Intention to Commence Large Mining Operations, Drum Mountain Project, M/023/013, Juab County, Utah

This letter is a follow-up to the March 27, 1989, meeting held in our offices. Discussions at that time involved permitting concerns pertinent to Jumbo Mining Company's (JUMBO) new Drum Mountain Project and the existing Drum Mine. The Division has re-evaluated several of the issues discussed during the meeting and presents the following proposals for resolution:

1. A minimum \$175,000 reclamation surety must be provided by JUMBO Mining Company in order to continue active mining operations at the Drum Mine. This surety amount includes the reclamation estimate for the Drum Mountain Project properties as well.

This surety amount **does not** include costs for regrading the out slopes of the heap leach pads or the waste rock dumps to a 3:1 configuration.

This reclamation surety estimate is **conditional** upon JUMBO's commitment to commence **contemporaneous reclamation**, beginning with the existing low grade heap leach pads. A reasonable timeframe for commencing the contemporaneous reclamation must be provided to the Division for review and approval.

Upon final reclamation, all heap leach pads must be decommissioned and regraded to a 3:1 out slope configuration. The surface area of the regraded heaps must be appropriately amended and reseeded with the approved revegetation seed mixture.

2. At this time, the waste dumps will not be bonded for regrading to a 3:1 out slope configuration.

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B. King
023/013
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This is **conditional** upon the implementation of a 3:1 outslope revegetation test plot on a waste dump which will no longer be used as part of the operation. The test plot must be implemented by the fall of 1989. The specific design details for the test plot must be reviewed and approved by the Division prior to field implementation.

3. The Division will hold Western States Minerals Corporation (WSMC) accountable for the deficient topsoil stockpile volume (@54,200 cubic yards). WSMC will also be held accountable for the costs required to implement the revegetation test plot(s) on the waste rock dump. These requirements are based upon commitments agreed to by WSMC as part of the original approved mining and reclamation plan for the Drum Mine.

In order to determine the appropriate soil amendments to be utilized for final reclamation of the waste rock dumps and the spent heap leach pads, a representative sampling program and laboratory analysis of this material must be developed. The Division will hold WSMC accountable to have this sampling program performed.

A portion of WSMC's \$264,084 reclamation bond will be withheld to account for the cost of these requirements, unless alternative provisions are made and agreed upon between the involved parties.

If WSMC chooses to petition the Board of Oil, Gas and Mining for relief, and the Board rules in their favor, then the conditions as outlined above will need to be renegotiated. Ultimately, Jumbo Mining Company may become responsible for meeting all of the permitting deficiencies.

We look forward to regrouping on April 4, 1989 to discuss these provisions and any other remaining technical permitting concerns. I will discuss any of the above details with you should you desire to do so. Please contact me before 9:00 AM on April 3rd, otherwise I will be unavailable until Wednesday morning, April 5th. Thank you for your cooperation in completing this permitting process.

Sincerely,

Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

DWH/dwh
cc: Minerals team
MN3/62-63